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STELLENBOSCH · SOUTH AFRICA

South-South migration and trade: Chinese traders in Senegal

With a growing South-South co-operation framework in the world political economy in general (and the co-operation between Africa and emerging powers in particular), global trade patterns are increasingly changing. Economic interests regarding trade and investments between Asian, African and Latin American countries follow this scope. These shifts alongside macro-economic factors have implications on global migration patterns. New destinations with great economic interests related to fast economic growth, modernisation and industrialisation have emerged and attracted international migrants. These migrants mostly move between regions in the south, seeking work or business related opportunities beyond the borders of their respective countries. This policy brief explores the patterns and challenges of Chinese small traders' activities in Senegal.

The presence of Chinese multinational companies (MNCs) in Africa since China's "opening up" policy and the subsequent policy push to "go out" in the 1990s comes along with social and human capital. The Chinese MNCs' presence mainly falls under the so-called state-to-state level of engagement and focusses on development projects in African countries. However, co-operation involves people's movements, in the form of workers within MNCs being based in Africa. Some of the Chinese workers decide to remain in Africa at the end of their two or three year-contracts. Additionally, individual Chinese entrepreneurs and traders seek business opportunities in Africa. The fierce competition at home and the limited incentives from the government to enable Chinese entrepreneurs and businessmen to develop their business activities in China have been the push factors for numerous entrepreneurial Chinese citizens to settle in Africa.

The Chinese population in Africa is very cautiously estimated to number around 750 000. Compared to numbers of other expatriate Chinese populations in South-East Asia, Europe, North America and Australia, their number in Africa is small, but becomes important and merits attention due to their expansion across the continent. The West African state of Senegal has seen a growing number of Chinese traders and entrepreneurs since the renewal of diplomatic ties with China in 2005. Chinese migrants are a new phenomenon in Senegal, even though immigration as such is not. Throughout its history, Senegal has received significant numbers of immigrants from other African countries including Guinea,

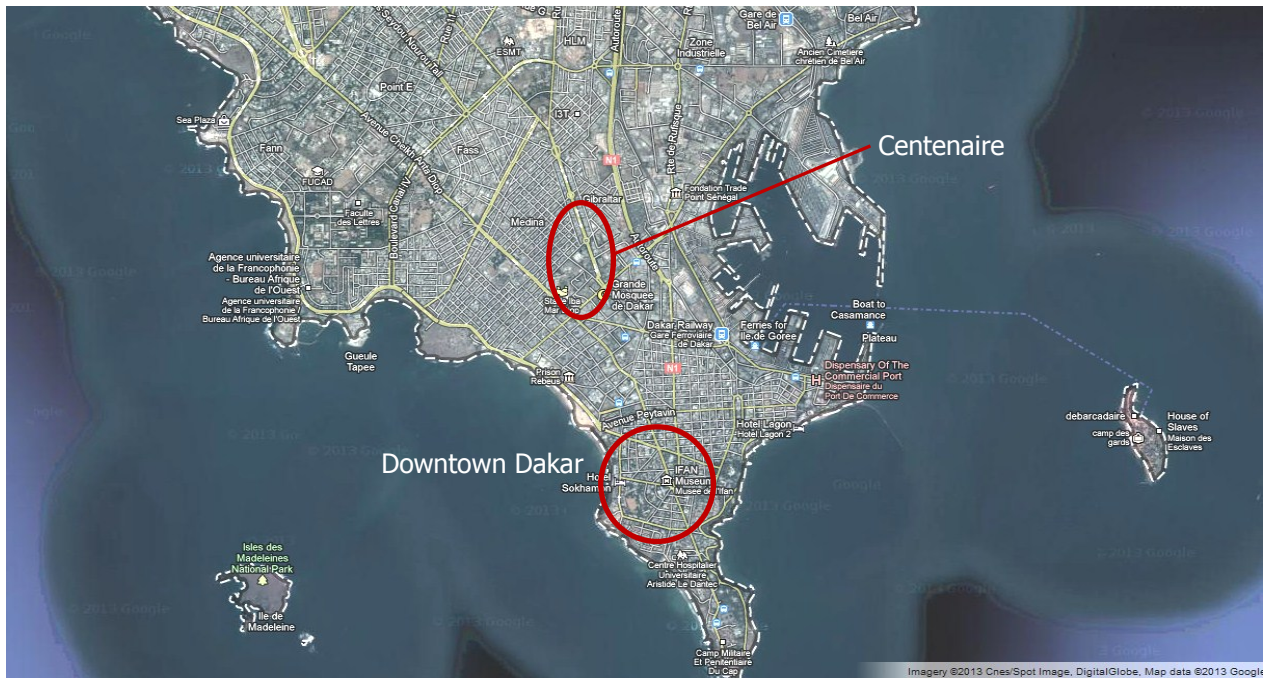
Guinea-Bissau, Mali, Mauritania and the Gambia. From early colonial times, Senegal has been a destination country for Lebanese (mainly involved in trade activities as middlemen), French (working for the colonial administration) and other European immigrants. According to the United Nations Population Division in 2009, international immigrants represented less than two per cent of the Senegalese population and their overall number is currently shrinking. This decline is probably due to economic difficulties related to structural adjustment Policies (SAP) implemented in the late 1990s, lack of professional opportunities and increasing living costs.

Sino-Senegalese political and economic relationship

Sino-Senegalese co-operation dates back to the 1960s with a diplomatic agreement initially signed between Taiwan and Senegal. With political leadership changes that occurred in Senegal, officials' political and diplomatic choices for economic co-operation changed between Taiwan and mainland China several times. In 2005, the agreement signed between then president of Senegal, Abdoulaye Wade, and Hu Jintao has seen the two countries securing economic, political and diplomatic ties; putting aside Taiwan which was Senegal's partner since 1996.

Despite shifting political allegiances between Senegal and Taiwan and China respectively, the People's Republic of China (PRC) was present in Senegal even before 1996. Multinational companies mainly in the construction sector were operating in

Figure 1: Map of Dakar, Senegal



Source: Google Maps

Senegal contributing to infrastructure development projects. The major Chinese company involved in those state projects was Henan Construction Company. Since the renewal of the diplomatic ties with the PRC in 2005, China has been playing a role in providing foreign direct investment (FDI) and aid to Senegal. Yet with President Wade's election in 2000, Senegal has aspired to a diversified political and economic co-operation with emerging partners, including China, India, Turkey and others; aimed at contributing to local investment and trade. In 2010, bilateral trade volumes between China and Senegal reached US\$ 549 million and Chinese investment stock in Senegal accounted for US\$ 45 million, mainly for infrastructure building.

Chinese traders in Senegal

The informal trade sector comprises a large number of Senegalese traders and retailers. The Senegalese government does not fully play its role to regulate the growing informal trade – be it with regard to the Senegalese retail traders or with the Chinese traders, more particularly since 2005 when Senegal renewed its diplomatic ties with China. As one of the main economic activities in Senegal, trade has attracted many immigrants; first those from the neighbouring countries, then Lebanese traders and now Chinese citizens and other groups. In the late 1990s, Chinese workers who remained in Senegal after their temporary contract with Henan Construction Company started to explore business opportunities in Senegal. Prior to this period, Senegalese traders had already discovered the Chinese markets which offered competitive

prices to buy cheap “made in China” consumer goods which they could resell at home with high profit margins.

Chinese traders built on their strong connections back in China to order products directly from the factories or wholesalers in China's city markets to offer competitive prices compared to the Senegalese merchants. They have since tapped into the Senegalese informal trade sector and opened up shops along the boulevard Général De Gaulle (in Dakar) also known as Centenaire. During the reign of Senegal's first President, L.S. Senghor, this area of Centenaire was declared a residential zone. It housed Senegalese administration employees and civil servants, while the boulevard De Gaulle served as a venue for military parades during the Senegalese Independence Day celebrations.

The first Chinese traders in Dakar rented garages in the Centenaire houses and transformed them into shops and warehouses for their trade activities. Social and economic difficulties, linked to the retirement or death of many householders in Centenaire, as well as the devaluation of the CFA francs (used in many West- and Central African countries) in 1994 were push factors, contributing to many Centenaire residents renting out their garages and houses in order to generate revenue to support themselves. The average rent price per month for a garage is between 250 000 and 300 000 CFA francs (US\$ 500-600) while the rent price for a house can be between 600 000 and 1 000 000 CFA francs (US\$ 1,200-2000), as of early 2013. Today, the social and urban space changes of the Centenaire result from the presence of Chinese small traders and raise concerns among Dakar's inhabitants

on the district now hosting hundreds of Chinese shops, becoming Dakar's "Chinatown" (see map). It is questionable, however, how much "the Chinese" form a homogeneous group (see box 1). The visa issuance for the Chinese traders in Senegal often is negotiated via illegal and non-transparent networks in Senegal and China. Economic interests of all sides dominate and corruption becomes part of the arrangement between Chinese nationals, Senegalese brokers and officials.

As for their trade activities, Chinese traders in Senegal follow Senegalese citizens' fashion and the customers' needs to supply the market with Chinese consumer goods. They send samples of products to family members or to suppliers in China who will be in charge of placing the orders from the Chinese factories in Yiwu or Guangzhou. All the products are customer-tailored products targeting Senegalese with low purchasing power. There is a regular communication via phone calls or internet with suppliers or family members in China to get "made in China" products. The shipment of the products is done via Chinese logistics companies using an established (European-owned) shipping line which offers reliable services to Senegal. It takes 45 days for the containers to arrive in Dakar. Once the containers arrive, Chinese traders arrange administrative and customs clearance through services offered by Senegalese forwarding agents. After the containers get released at the port of Dakar, they are transported to the warehouses (often shared) that Chinese traders rent in the neighbourhoods of Centenaire or Petersen. Here the goods are stocked or sometimes directly conveyed by Guinean workers using rickshaws who receive between 3000 and 5000 CFA francs (US\$ 6-10) for their labours. Chinese traders with bigger space, stock their products at the back of their shops. Sometimes Chinese shop owners make a trip to China and go directly to the factories to order their products.

A variety of products are sold by Chinese traders in Dakar: footwear, clothing, textile products, decorative items, jewellery (bracelets, necklaces, rings), leather products, accessories (sunglasses, watches, belts, bags, wallets), toys, glassware, cups, plates, kitchenware, bedding, etc. Footwear and clothing are the most traded products at the Chinese

shops in Dakar. With the fierce and rising competition among the traders, some have decided to look at other products segments (leather products, cooking utensils, hair products, etc.). Contrary to other countries such as South Africa and Namibia, where there are a few Chinese wholesalers who supply Chinese retail traders with Chinese consumer goods, all Chinese traders at Centenaire and Petersen operate as wholesalers and retailers, selling products to Senegalese retailers or customers. Chinese traders' language skills are usually very limited; they do not speak French or Wolof at all or only in a very broken way. It is thus usually a Senegalese shopkeeper's task to bargain with the customers and fix the prices accordingly with the Chinese shop owner or shopkeeper who collects the money. As a general rule, there is no contract signed between Chinese shop owners and their Senegalese shopkeepers. Salaries are paid daily (between 1,500 and 1,750 CFA francs/ US\$ 3-3.5) or weekly; wages are thus normally higher than the average minimum wage in Senegal which is 40,000 CFA francs (US\$ 80).

Contribution to socio-economic development in Senegal and China

Economic migration plays a role in contributing to socio-economic development in migrants' homes and host countries. For their trade activities, Chinese shop owners hire Senegalese shopkeepers. They therefore contribute to providing employment in a difficult Senegalese job market with a lack of job creation not only for low educated people but also for graduates. Besides, with the important flows of Chinese consumer goods exported to Senegal, many Senegalese young people particularly vendors have found opportunities to have an income to support themselves and families, buying Chinese consumer goods for resell. The Chinese traders pay (inflated) rents for their shops, warehouses and houses in Centenaire and its surrounding neighbourhood, providing income to some Senegalese households.

Chinese migrants and expat Chinese today contribute to China's global economic integration and growth through accumulation of (social) capital to reinvest in their home country or regions. In China, diaspora migrants are involved

Box 1: The demographic profile of the Chinese traders in Dakar/Senegal

The majority of Chinese traders currently in Senegal come from Henan province in central-China; they probably represent more than 60 per cent of the Chinese traders' community. Some come from other places in China, such as Sichuan, Fujian, or Shanghai. The majority are rural, more men than women, mainly single, albeit sometimes followed by their wives if married, in their late 20s to early 30s, with low or in many cases without any education background or work experience prior to their activity in Senegal. Most of the Chinese traders who came to Senegal in the early 2000s either developed other businesses (catering, agriculture and etc.) or returned to China after they brought their family members to Dakar to run the shops. Many Chinese at the Centenaire Chinese shops are shopkeepers rather shop owners, i.e. they have been brought to Senegal by relatives or friends to work in the shops. The shop owners arranged and paid for their trip to Senegal via contacts they have established with Senegalese brokers who use their networks at the Senegalese Ministry of the Interior and the embassy in Beijing to negotiate their visas. Their accommodation and food are provided by the shop owner and their salary is only paid once they return to China. Even though the Chinese traders are generally seen as a homogeneous group, Chinese migrant traders do not have any close relationships (except for have family ties) and usually do not interact with one another.

in the country's economic, political and social transformation. By venturing to Africa in search of economic opportunities through trade and business, many Chinese migrants have changed their previous social status (factory workers, construction workers, rural peasants etc.) to becoming traders and entrepreneurs. The Chinese migrant traders' earnings earned from their trade activities in Africa, including Senegal, help their family members at home to start or expand businesses and finance projects.

Chinese traders who brought their children with them contribute to knowledge transfer in the business sector. Once the business is well established the children can take over. Such decision enables their children to establish good contacts, know the business environment and recognise long-term business opportunities in Senegal and China. This process is similar to the established tradition of Lebanese and Guinean traders in Senegal whose children now own shops and manage family businesses.

Challenges and difficulties

Cultural differences and communication remain difficulties for Chinese traders, even for those who arrived in the early 2000s. Integration into the Senegalese society becomes difficult, resulting in loneliness for many Chinese traders. New arrivals from China means more and fiercer competition amongst Chinese in Senegal themselves, leading to complaints of older migrants that business is not as lucrative as before. One concern is the lack of safety among Chinese traders, though this is a similar issue for local people and mainly Guineans from Conakry who are also strongly represented in the Senegalese informal trade sector since independence. The link to the Chinese embassy appears to be very loose, with Chinese traders in Dakar complaining about the lack of support from the Chinese embassy to solve different problems they face while living and operating in Senegal.

Recommendations

Managing foreign immigration to Senegal has been a challenge for the Senegalese government; immigration policies and regulations have not been a particular agenda for Senegalese officials and policy implementation is a major shortcoming. The Ministry of the Interior should play a role in regulating and controlling the entry of individual Chinese traders and entrepreneurs in Dakar. The ministry officials should not approve invitation letters submitted by Senegalese entrepreneurs (more often brokers who arrange Chinese traders' move to Senegal), who invite their Chinese business partners, without determining whether the companies declared

by really exist; and whether their activities meet the requirements that all commercial companies should comply with. The Ministry of the Interior should also work closely with the immigration police known as police des étrangers, in Senegal, who are responsible for processing the residence permits of Chinese traders in Dakar. It is necessary to tackle corruption, bad governance and the lack of transparency, in order for Senegalese officials to improve regulation and control the growing flows of Chinese traders in and out of Senegal.

Chinese immigrants should meet and adhere to the visa requirements for traveling to Senegal, by submitting a visa application according to the type of visa they want, in accordance with the activities they will engage in once in Senegal. The Senegalese Embassy in Beijing should be autonomous and independent in the issuance of visas to Chinese individual entrepreneurs and traders, instead of relying on an approval letter delivered to Senegalese "business brokers" by the Ministry of the Interior, in order to facilitate the arrival of Chinese in Senegal. Whilst the current system was presumably designed to reduce corruption, it is cumbersome and ineffective. All visa applications should be treated in a very transparent way without acceptance of gifts or money, sometimes offered by Chinese immigrants to get their visas.

The Ministry of Commerce should control whether Chinese traders who operate in Senegal are registered in the Senegalese commercial register. Such registration is one of the requirements for being granted a business permit to operate in the Senegalese trade sector as a foreigner. Policies to control the Chinese traders' activities and regulate the informal trade sector should be developed at the ministry.

The government should build market spaces to host not only Chinese and Senegalese traders but all other people who run businesses in the informal trade sector. This would also provide state revenue via collecting rents and taxes. Furthermore, it would improve the overall situation for traders and customers if it comes with other services (cleaning, security, parking, toilets, food court; etc.). The Senegalese government has repeatedly promised to build markets and create appropriate spaces for retail traders but such promises have not been constructed yet.

Dr Daouda Cisse

Research Fellow

Centre for Chinese Studies

Stellenbosch University



Contact Us

Centre for Chinese Studies
Stellenbosch University
PO Box 3538
Stellenbosch
South Africa

Tel: +27 21 808 2840
Fax: +27 21 808 2841
Email: ccsinfo@sun.ac.za
Web: www.sun.ac.za/ccs
Twitter: [CCS_STELL](https://twitter.com/CCS_STELL)

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